

AN ACT

ENTITLED, An Act to provide a financial institution with an insurable interest with reference to personal insurance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 58-10-4 be amended to read as follows:

58-10-4. Insurable interest with reference to personal insurance includes only interests as follows:

- (1) For individuals related closely by blood or by law, a substantial interest engendered by love and affection;
- (2) For other persons, a lawful and substantial economic interest in having the life, health, or bodily safety of the individual insured continue, as distinguished from an interest which would arise only by, or would be enhanced in value by, the death, disablement, or injury of the individual insured;
- (3) A person who is a party to a contract or option for the purchase or sale of an interest in a business partnership or firm, or of shares of stock of a closed corporation or of an interest in the shares, has an insurable interest in the life of each individual party to the contract and for the purpose of the contract only, in addition to any insurable interest which may otherwise exist as to the life of the individual;
- (4) A charitable organization that meets the requirements of section 501(c)3 of the Internal Revenue Code of 1986, as amended to January 1, 1992, and owns or purchases life insurance on an insured who consents to the ownership or purchase of the insurance has an insurable interest in the life of the insured;
- (5) A financial institution, as defined in subdivision 10-43-1(4), to whom a debt is owed has an insurable interest in the life of the insured to the extent of the debt owed by the insured, irrespective of any statute of limitation regarding the enforceability of the debt.

An Act to provide a financial institution with an insurable interest with reference to personal insurance.

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I certify that the attached Act  
originated in the

SENATE as Bill No. 152

\_\_\_\_\_  
Secretary of the Senate  
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\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

Senate Bill No. 152  
File No. \_\_\_\_\_  
Chapter No. \_\_\_\_\_

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Received at this Executive Office  
this \_\_\_\_\_ day of \_\_\_\_\_ ,

20\_\_\_\_ at \_\_\_\_\_ M.

By \_\_\_\_\_  
for the Governor  
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The attached Act is hereby  
approved this \_\_\_\_\_ day of  
\_\_\_\_\_, A.D., 20\_\_\_\_

\_\_\_\_\_  
Governor  
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STATE OF SOUTH DAKOTA,  
ss.

Office of the Secretary of State

Filed \_\_\_\_\_ , 20\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Secretary of State

By \_\_\_\_\_  
Asst. Secretary of State